

FAYETTE COUNTY SOLID WASTE
MANAGEMENT COMMISSION
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
June 30, 2021

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FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Kelly Beacom	Chairperson	City of Maynard
Dave Klimesh	Vice-Chairperson	City of Waucoma
Troy Schott	Member	City of Clermont
Rod Marlatt	Member	City of Elgin
Pat Whelan	Member	City of Fayette
Marty Stanbrough	Member	Fayette County
Jeanine Tellin	Member	Fayette County
Janell Bradley	Member	Fayette County
Bob Sadler	Member	Fayette County
Mark Putney	Member	Fayette County
Don Kelly	Member	City of Hawkeye
Bret DeVoe	Member	City of Oelwein
Geraldine Winkie	Member	City of Randalia
Terry Costigan	Member	City of St. Lucas
Russell Medberry	Member	City of Wadena
Eugene Rubendahl	Member	City of Westgate
Kennon Gumm	Member	City of West Union

Supervisory Personnel

<u>Name</u>	<u>Position</u>
Joan Swenka	Executive Secretary
Ruth Ann Kearney	Financial Director

Fort & Schlegel C.P.A., P.C.

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Fayette County Solid
Waste Management Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the Fayette County Solid Waste Management Commission as of and for the year ended June 30, 2021, and the related Notes to Financial Statements which collectively comprise the Fayette County Solid Waste Commission's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Fort Dodge, IA
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Emmetsburg, IA
712.852.4464

109 2nd St. NE
Mason City, IA
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516 N. Water St.
Goldfield, IA
515.825.3339

4 Main Ave. S
Britt, IA
641.843.3729

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fayette County Solid Waste Commission as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 6 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2021 on our consideration of the Fayette County Solid Waste Management Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Fayette County Solid Waste Management Commission's internal control over financial reporting and compliance.

October 15, 2021

 C.P.A., P.C.

Fort & Schlegel C.P.A., P.C.
Britt, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fayette County Solid Waste Management Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The Commission's operating revenues increased 1.13%, or \$12,754, from fiscal 2020 to 2021.
- The Commission's operating expenses increased 3.30%, or \$35,761, from fiscal 2020 to fiscal 2021.
- The Commission's net position increased 1.75%, or \$66,046 from June 30, 2020 to June 30, 2021.

USING THIS ANNUAL REPORT

The Fayette County Solid Waste Management Commission is a 28E Organization and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statement of Net Position presents information on the Commission's assets less the Commission's liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Commission's cash and cash equivalents during the year. This information can assist readers of the report in determining how the Commission financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. The Commission's net position at the end of fiscal 2021 totaled approximately \$3,850,000. This compares to approximately \$3,784,000 at the end of fiscal 2020. A summary of the Commission's net position is presented below:

Net Position		
	June 30,	
	2021	2020
Current Assets	\$ 635,111	655,100
Restricted Investments	2,702,888	2,664,173
Capital Assets at Cost, Less Accumulated Depreciation	1,920,050	1,987,238
Total Assets	<u>\$ 5,258,049</u>	<u>5,306,511</u>
Non Current Liabilities	<u>\$ 1,408,107</u>	<u>1,522,615</u>
Total Liabilities	<u>1,408,107</u>	<u>1,522,615</u>
Net Position:		
Net Investment in Capital Assets	1,920,050	1,987,238
Restricted	1,294,781	1,141,558
Unrestricted	635,111	655,100
Total Net Position	<u>\$ 3,849,942</u>	<u>3,783,896</u>

The unrestricted portion of the Commission's net position (16.5%) may be used to meet the Commission's obligations as they come due. The investment in capital assets (e.g., land, buildings and equipment) (49.87%) are resources allocated to capital assets. The remaining net position (33.63%) is restricted for closure and postclosure care. State and Federal laws and regulations require the Commission to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the transfer station and recycling center. Non-operating revenues are for interest income. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2021 and 2020 is presented as follows:

	Changes in Net Position	
	Year Ended June 30, 2021	2020
Operating Revenues:		
County and City Assessments	\$ 952,129	951,920
Material Sales and Fees	182,548	172,797
Other Operating Revenues	11,202	8,408
Total Operating Revenue	1,145,879	1,133,125
Operating Expenses:		
Reimbursements for Wages and Benefits	366,245	348,076
Repairs and Maintenance	16,592	18,765
Hauler Contract and Fees	148,942	149,971
Engineering	-	1,300
Education and Training	5,000	5,000
Legal, Auditing, Other Professional	2,119	1,302
Depreciation	67,191	67,747
Tire Recycling	7,177	3,421
Electronic Recycling	6,511	5,128
Appliance Recycling	4,825	2,473
Postclosure Costs	27,600	14,400
Special Waste Handling	4,330	6,188
Permits	84	84
Insurance	21,756	22,376
Supplies	11,092	4,725
Site Utilities	13,695	15,611
Office Expenses	3,066	3,262
Fuel	11,099	12,042
Tipping Fees	401,406	401,766
Other Expenses	668	-
Total Operating Expenses	1,119,398	1,083,637
Operating Income	26,481	49,488
Non-operating Revenues		
Interest Income	39,565	63,050
Net Non-operating Revenues	39,565	63,050
Change in Net Position	66,046	112,538
Net Position beginning of year	3,783,896	3,671,358
Net Position end of year	\$3,849,942	3,783,896

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in the net position at the end of fiscal year.

In fiscal 2021, operating revenues increased by \$12,754 or 1.13% and operating expenses increased by \$35,761 or 3.3%, primarily a result of increased postclosure care costs.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by wage reimbursements and to suppliers. Cash used by capital and related financing activities includes the purchase of capital assets. Cash used by investing activities includes interest income and purchase of certificates of deposit.

INDIVIDUAL MAJOR BUSINESS TYPE ANALYSIS

The Enterprise, Landfill/Transfer Station Fund net position increased \$46,536 to \$3,607,477 due to normal operations.

The Enterprise, Recycling Fund net position increased \$19,510 to \$242,465 due to normal operations.

CAPITAL ASSETS

At June 30, 2021, the Commission had approximately \$1,920,000 invested in capital assets, net of accumulated depreciation of approximately \$1,836,000. Depreciation expenses totaled \$67,191 for fiscal 2021. More detailed information about the Commission's capital assets is presented in Note 5 to the financial statements.

LONG-TERM LIABILITIES

At June 30, 2021, the Commission had \$1,408,107 in long term liabilities, a decrease of \$114,508 from 2020. The table below summarizes the liability.

	June 30,	
	2021	2020
Closure and postclosure care cost	<u>\$ 1,408,107</u>	<u>\$ 1,522,615</u>

Additional information about the Commission's long term liabilities is presented in Notes 6 and 7 to the financial statements.

ECONOMIC FACTORS

The Fayette County Solid Waste Management Commission continued to improve its financial position during the current fiscal year.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Fayette County Solid Waste Management Commission, P.O. Box 267, West Union, Iowa 52175.

BASIC FINANCIAL STATEMENTS

Fayette County Solid Waste Management Commission
Statement of Net Position
June 30, 2021

Assets	Landfill		
	Transfer Station	Recycling	Total
Current Assets:			
Cash	\$ 449,667	169,279	618,946
Accounts Receivable	16,165	-	16,165
Total Current Assets	465,832	169,279	635,111
Noncurrent Assets:			
Restricted Investments	2,702,888	-	2,702,888
Capital Assets (Net of Accumulated Depreciation)	1,846,864	73,186	1,920,050
Total Noncurrent Assets	4,549,752	73,186	4,622,938
Total Assets	\$ 5,015,584	242,465	5,258,049
Liabilities			
Noncurrent Liabilities:			
Landfill Closure and Postclosure Care Costs	\$ 1,408,107	-	1,408,107
Total Liabilities	1,408,107	-	1,408,107
Net Position:			
Net Investment in Capital Assets	1,846,864	73,186	1,920,050
Restricted for:			
Closure and Postclosure Care Costs	1,294,781	-	1,294,781
Unrestricted	465,832	169,279	635,111
Total Net Position	\$ 3,607,477	242,465	3,849,942

See Notes to Financial Statements.

Fayette County Solid Waste Management Commission
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021

	Landfill		
	Transfer Station	Recycling	Total
Operating Revenues:			
County and City Assessments	\$ 695,931	256,198	952,129
Material Sales and Fees	139,259	43,289	182,548
Other Operating Revenues	10,702	500	11,202
Total Operating Revenues	845,892	299,987	1,145,879
Operating Expenses:			
Reimbursements for Wages and Benefits	164,314	201,931	366,245
Repairs and Maintenance	-	16,592	16,592
Hauler Contract and Fees	148,942	-	148,942
Education and Training	-	5,000	5,000
Legal, Auditing, Other Professional	1,481	638	2,119
Depreciation	49,107	18,084	67,191
Tire Recycling	7,177	-	7,177
Electronic Recycling	6,511	-	6,511
Appliance Recycling	4,825	-	4,825
Postclosure Care Costs	27,600	-	27,600
Special Waste Handling	2,165	2,165	4,330
Permits	84	-	84
Insurance	11,020	10,736	21,756
Supplies	4,060	7,032	11,092
Site Utilities	4,478	9,217	13,695
Office Expenses	2,956	110	3,066
Fuel	2,043	9,056	11,099
Tipping Fees	401,406	-	401,406
Other Expenses	668	-	668
Total Operating Expenses	838,837	280,561	1,119,398
Operating Income	7,055	19,426	26,481
Non-operating Revenues (Expenses):			
Interest Income	39,481	84	39,565
Net Non-operating Revenues	39,481	84	39,565
Change in Net Position	46,536	19,510	66,046
Net Position Beginning of Year	3,560,941	222,955	3,783,896
Net Position End of Year	\$ 3,607,477	242,465	3,849,942

See Notes to Financial Statements.

Fayette County Solid Waste Management Commission
Statement of Cash Flows
Year Ended June 30, 2021

	Landfill Transfer Station	Recycling	Total
Cash Flows from Operating Activities:			
Cash Received From Assessments	\$ 695,931	256,198	952,129
Cash Received From Gate Fees	132,298	46,908	179,206
Cash Received From Other Operating Receipts	10,702	500	11,202
Cash Paid to Suppliers for Goods and Services	(739,924)	(60,546)	(800,470)
Cash Paid for Reimbursements for Wages and Benefits	(164,314)	(201,931)	(366,245)
Net Cash Provided by Operating Activities	(65,307)	41,129	(24,178)
Cash Flows From Investing Activities:			
Interest Received on Nonrestricted Investments	763	84	847
Net Cash Provided By Investing Activities	763	84	847
Net Increase (Decrease) in Cash	(64,544)	41,213	(23,331)
Cash-Beginning of Year	514,211	128,066	642,277
Cash - End of Year	\$ 449,667	169,279	618,946
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating Income	\$ 7,055	19,426	26,481
Adjustments to Reconcile Operating Income to Net Cash:			
Provided By Operating Activities:			
Depreciation	49,107	18,084	67,191
Changes in Assets and Liabilities:			
Closure/Postclosure Care Costs	(114,508)	-	(114,508)
(Increase)Decrease in Accounts Receivable	(6,961)	3,619	(3,342)
Total Adjustments	(72,362)	21,703	(50,659)
Net Cash Provided by Operating Activities	\$ (65,307)	41,129	(24,178)

See Notes to Financial Statements.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Notes to the Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

Fayette County Solid Waste Management Commission was formed in 1996 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to operate the transfer station and recycling center in Fayette County for use by all residents of the County.

The Commission is composed of one representative from each of the thirteen member cities and five representatives from Fayette County. The member cities are: Arlington, Clermont, Elgin, Fayette, Hawkeye, Maynard, Oelwein, Randalia, St. Lucas, Wadena, Waucoma, Westgate and West Union. Each member shall be entitled to one vote for each 1000 people or fraction thereof as determined by the most recent general Federal Census.

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Fayette County Solid Waste Management Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. Fayette County Solid Waste Management Commission has no component units which meet Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of government facilities and services supported by user charges.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Notes to the Financial Statements

June 30, 2021

Enterprise Funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Statement of Net Position presents the Fayette County Solid Waste Management Commission's nonfiduciary assets and liabilities with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvements of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurements focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Commission distinguished operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Notes to the Financial Statements

June 30, 2021

D. Assets, Liabilities and Net Position

The following accounting policies are followed in preparing the Statement of Net Position:

Cash, Investments and Cash Equivalents – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2021 include non-negotiable certificates of deposit of \$2,702,888.

Restricted Investments – Funds set aside for payment of closure and postclosure care cost are classified as restricted.

Capital Assets - Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Commission as assets with initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Building and Improvements	\$25,000
Equipment and Vehicles	5,000

Capital assets of the Commission are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-50
Building Improvements	20-50
Equipment and Vehicles	2-20

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Notes to the Financial Statements

June 30, 2021

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the year ended June 30, 2021.

Payroll and Related Cost – The Commission leases the service of employees from Fayette County for landfill administration and operations of the recycling center. The Commission reimburses the County for the direct labor costs and cost of benefits provided to these employees on a monthly basis.

(2) Cash and Investments

The Commission's deposits in the bank at June 30, 2021 were entirely covered by federal depository insurance or by State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of drainage district.

The Commission had no investment meeting the disclosure requirements of Governmental Auditing Standards Board Statements Number 72.

(3) Pension and Retirement Benefits

The Commission reimburses Fayette County for its contributions to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Notes to the Financial Statements

June 30, 2021

Plan members are required to contribute 6.29% of their annual covered salary and the Commission reimburses Fayette County for its required contribution of 9.44% of covered payroll. Contribution requirements are established by State statute. The Commission's reimbursements to Fayette County to IPERS for the year ended June 30, 2021, 2020 and 2019 are recorded on Fayette County's expenditures as the County pays the contribution and is reimbursed by the Commission.

(4) Other Postemployment Benefits (OPEB)

The Commission participates in the Fayette County health medical plan (OPEB). The OPEB Plan recognizes the implicit rate subsidy as required by GASB Statement No. 45.

The actuarial valuation of liabilities under the OPEB Plan is calculated using the Entry Age Actuarial Cost method as of July 1, 2019 actuarial valuation. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$352,397 for Fayette County as of June 30, 2020. The Commission's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB Plan are available in Fayette County's audit report for the year ended June 30, 2020. The report may be obtained by writing to the Fayette County's Auditor's Office, 114 North Vine, West Union, Iowa 52175.

The Commission did not recognize a net OPEB liability for other postemployment benefits, which would represent the Commission's portion of Fayette County's net OPEB obligation, the amount could not be determined and appears to be immaterial.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Notes to the Financial Statements

June 30, 2021

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 939,129	-	-	939,129
Capital Assets Being Depreciated:				
Buildings	1,548,352	-	-	1,548,352
Equipment and Vehicles	522,057	-	-	522,057
Cell Development	746,762	-	-	746,762
Total Capital Assets Being Depreciated	2,817,171	-	-	2,817,171
Less Accumulated Depreciation For:				
Buildings	678,459	32,840	-	711,299
Equipment and Vehicles	343,841	34,348	-	378,189
Cell Development	746,762	-	-	746,762
Total Accumulated Depreciation	1,769,062	67,188	-	1,836,250
Total Capital Assets Being Depreciated, Net	1,048,109	(67,188)	-	980,921
Total Capital Assets, Net	\$1,987,238	(67,188)	-	1,920,050

(6) Closure and Postclosure Care Costs

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure plan to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirements is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Notes to the Financial Statements

June 30, 2021

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care cost and recognize a portion of these cost each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for Fayette County Solid Waste Management Commission have been estimated at \$1,419,100 for postclosure, as of June 30, 2021, and the portion of the liability that has been recognized is \$1,365,966. These amounts are based on what it would actually cost to perform all postclosure care during the year ended June 30, 2021. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The landfill reached full capacity in December of 2009 and was closed. The closure cost liability had been eliminated to reflect the cost of closure activities performed in fiscal 2011.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun accumulating resources to fund these costs and, at June 30, 2021 assets of \$2,652,888 are restricted for this purpose. They are reported as restricted investments and restricted net assets on the Statement of Net Position.

(7) Transfer Station Closure Care

To comply with state regulations, the Commission is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces which have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles which will remain on site, including the rinsing of all surfaces which have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the Commission is required to maintain a closure account as financial assurance for the closure care cost. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station.

The total closure cost for the Commission as of June 30, 2021 has been estimated at \$42,140. The balance that has been restricted (\$49,999) is over funded by \$7,859 at June 30 2021.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Notes to the Financial Statements

June 30, 2021

(8) Solid Waste Tonnage Fees Retained

The landfill was closed in December of 2009, and solid waste tonnage fees are no longer being retained.

At June 30, 2021, there were no unspent amounts retained by the Commission and restricted for the required purposes.

(9) Risk Management

The Commission is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Commission assumes liability for any deductibles and claims in excess of coverage limitations.

(10) Subsequent Events

Management evaluated subsequent events through October 15, 2021, the date the financial statements were available to be issued.

(11) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the Fayette County Solid Waste Management Commission.

To date, the outbreak has not created a material disruption to the operations of Fayette County Solid Waste Management Commission. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Fayette County Solid Waste Management Commission.

(12) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

Fort & Schlegel C.P.A., P.C.

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Members of the Fayette County Solid Waste
Management Commission:

We have audited, in accordance with U.S. generally accepted audit standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Fayette County Solid Waste Management Commission as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, and have issued our report thereon dated October 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fayette County Solid Waste Management Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fayette County Solid Waste Management Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fayette County Solid Waste Management Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Fayette County Solid Waste Management Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in the Fayette County Solid Waste Management Commission's internal control described in the accompanying Schedule of Findings as item A to be a material weakness.

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Emmetsburg, IA
712.852.4464

109 2nd St. NE
Mason City, IA
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516 N. Water St.
Goldfield, IA
515.825.3339

4 Main Ave. S
Britt, IA
641.843.3729

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fayette County Solid Waste Management Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Comments involving statutory and other legal matters about the Fayette County Solid Waste Management Commission's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Fayette County Solid Waste Management Commission's Responses to Findings

The Fayette County Solid Waste Management Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Fayette County Solid Waste Management Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Fayette County Solid Waste Management Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



October 15, 2021

Fort & Schlegel C.P.A., P.C.
Britt, Iowa

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Schedule of Findings

Year Ended June 30, 2021

Findings Related to the Financial Statements:

Internal Control Deficiencies:

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – Generally, one individual has control over the following areas for the Commission.

- (1) Accounting System – record keeping for revenues and expenses, and related reporting.
- (2) Bank Reconciliation – preparation and maintenance of accounting records.

Cause – The Commission has limited number of employees and procedures have not been designed to adequately segregate duties.

Effect – Inadequate segregation of duties could adversely affect the Commission's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The Commission should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff of Commission members to provide additional control through review of financial transactions, reconciliation and reports.

Response - The Executive Secretary will review receipts and expenditures on a weekly basis, bank reconciliations monthly, and a physical inspection of certificates of deposit will be made bi-monthly. Ruth Ann Kearney, Financial Director and Joan Swenka, Executive Secretary are on bank accounts as inquiry only.

Conclusion - Response accepted.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Schedule of Findings

Year Ended June 30, 2021

Findings Related to the Financial Statements (continued):

Instances of Non-Compliance:

No matters were noted.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Schedule of Findings

Year Ended June 30, 2021

Other Findings Related to Statutory Reporting:

- (1) Questionable Expenses - No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 15, 1979 were noted.
- (2) Travel Expense - No expenditures of money for travel expenses of spouses of Commission officials and/or employees were noted.
- (3) Restricted Donor Activity - No transactions were noted between the Commission, Commission officials, Commission employees and restricted donors in compliance with Chapter 65B of the Code of Iowa.
- (4) Board Minutes - No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (5) Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.
- (6) Financial Assurance - The Commission has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	Postclosure	Transfer Station Closure
Total Estimated Cost for Closure and Postclosure Care	\$ 1,419,100	\$ 42,140
Less: Balance of Funds Held In the Local Dedicated Fund At June 30, 2020	(2,652,888)	(49,999)
Required Payment (Over Funded Amount) in the Local Dedicated Fund for the Year Ended June 30, 2021	<u>\$(1,233,788)</u>	<u>\$ (7,859)</u>
Balance of Funds Held in the Local Dedicated Fund at June 30, 2020	<u>\$ 2,652,888</u>	<u>\$ 49,999</u>
Required Balance of Funds To Be Held in the Local Dedicated Fund at June 30, 2021	<u>\$ 1,419,100</u>	<u>\$ 42,140</u>
Amount Commission has restricted For Closure and Postclosure Care at June 30, 2021	<u>\$ 2,652,888</u>	<u>\$ 49,999</u>